



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CITY OF WAUSEON
FULTON COUNTY

TABLE OF CONTENTS

| <u>TITLE</u> | <u>PAGE</u> |
|---|-------------|
| Report of Independent Accountants | - i - |
| Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> | 31 |

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT ON INDEPENDENT ACCOUNTANTS

City of Wauseon
Fulton County
230 Clinton Street
Wauseon, Ohio 43567-2104

To the Honorable Mayor and Members of the Council:

We have audited the accompanying general-purpose financial statements of the City of Wauseon, Fulton County, (the City) as of and for the year ended December 31, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2001 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jim Petro
Auditor of State

August 23, 2001

This page intentionally left blank.

TABLE OF CONTENTS

CITY OF WAUSEON, OHIO FULTON COUNTY

I.

GENERAL PURPOSE FINANCIAL STATEMENTS:

| | | |
|----|--|----|
| A. | Combined Balance Sheet All Fund Types and Account Groups | 2 |
| B. | Combined Statement of Revenues, Expenditures and Changes in Fund Balances All Governmental Fund Types and Expendable Trust Funds | 4 |
| C. | Combined Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Non-GAAP Budgetary Basis) All Governmental Fund Types and Expendable Trust Funds | 5 |
| D. | Combined Statement of Revenues, Expenses and Changes in Retained Earnings All Proprietary Funds | 8 |
| E. | Combined Statement of Cash Flows All Proprietary Funds | 9 |
| F. | Notes to the General Purpose Financial Statements | 10 |

II.

SUPPLEMENTAL INFORMATION:

| | | |
|----|--|----|
| A. | Schedule of General Fixed Assets by Category | 31 |
| B. | Schedule of Changes in General Fixed Assets by Function and Activity | 32 |

THE CITY OF WAUSEON, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2000

| | Governmental | | |
|--|---------------------------|-----------------------------|-----------------------------|
| | Fund Types | | |
| | General Fund | Special Revenue Funds | Capital Projects Fund |
| Assets and Other Debits: | | | |
| Assets: | | | |
| Cash and Cash Equivalents | \$1,928,509 | \$291,951 | \$2,994,043 |
| Cash with Fiscal Agent | 0 | 358,499 | 0 |
| Receivables (net of allowance for doubtful accounts): | | | |
| Taxes | 519,338 | 0 | 120,562 |
| Accounts | 94,212 | 0 | 0 |
| Special Assessments | 9,823 | 0 | 0 |
| Loans | 0 | 571,384 | 0 |
| Intergovernmental Receivables | 42,928 | 16,150 | 0 |
| Inventory of Supplies at Cost | 11,921 | 4,544 | 0 |
| Prepaid Items | 28,774 | 0 | 0 |
| Fixed Assets (net of accumulated depreciation) | 0 | 0 | 0 |
| Other Debits: | | | |
| Amount to be Provided for General Long-Term Obligations | 0 | 0 | 0 |
| Total Assets and Other Debits | <u>\$2,635,505</u> | <u>\$1,242,528</u> | <u>\$3,114,605</u> |
| Liabilities, Equity and Other Credits: | | | |
| Liabilities: | | | |
| Accounts Payable | \$23,338 | \$10,607 | \$7,735 |
| Accrued Wages and Benefits | 138,638 | 19,068 | 1,219 |
| Intergovernmental Payables | 7,642 | 0 | 0 |
| Accrued Interest Payable | 0 | 0 | 0 |
| Deferred Revenue | 317,175 | 0 | 4,223 |
| General Obligation Notes Payable | 0 | 0 | 0 |
| Compensated Absences Payable | 0 | 0 | 0 |
| Ohio Water Development Authority Loan Payable | 0 | 0 | 0 |
| Total Liabilities | <u>486,793</u> | <u>29,675</u> | <u>13,177</u> |
| Equity and Other Credits: | | | |
| Investment in General Fixed Assets | 0 | 0 | 0 |
| Contributed Capital | 0 | 0 | 0 |
| Retained Earnings: | | | |
| Unreserved | 0 | 0 | 0 |
| Fund Balances: | | | |
| Reserved for Encumbrances | 123,067 | 10,940 | 104,436 |
| Reserved for Supplies Inventory | 11,921 | 4,544 | 0 |
| Reserved for Prepaid Items | 28,774 | 0 | 0 |
| Reserved for CDBG Loans | 0 | 571,384 | 0 |
| Unreserved: | | | |
| Undesignated | 1,984,950 | 625,985 | 2,996,992 |
| Total Equity and Other Credits | <u>2,148,712</u> | <u>1,212,853</u> | <u>3,101,428</u> |
| Total Liabilities, Equity and Other Credits | <u>\$2,635,505</u> | <u>\$1,242,528</u> | <u>\$3,114,605</u> |

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF WAUSEON, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2000

| <i>Proprietary Fund Type</i> | <i>Fiduciary Fund Types</i> | <i>Account Groups</i> | | Totals (Memorandum Only) |
|---|--|----------------------------------|-------------------------------------|--------------------------------|
| Enterprise Funds | Expendable Trust Funds | General Fixed Assets | General Long-Term Obligations | |
| \$8,489,281 | \$17,872 | \$0 | \$0 | \$13,721,656 |
| 0 | 0 | 0 | 0 | 358,499 |
| 0 | 0 | 0 | 0 | 639,900 |
| 246,979 | 0 | 0 | 0 | 341,191 |
| 0 | 0 | 0 | 0 | 9,823 |
| 0 | 0 | 0 | 0 | 571,384 |
| 6,291 | 0 | 0 | 0 | 65,369 |
| 58,384 | 0 | 0 | 0 | 74,849 |
| 54,128 | 0 | 0 | 0 | 82,902 |
| 7,507,498 | 0 | 6,602,212 | 0 | 14,109,710 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>698,668</u> | <u>698,668</u> |
| <u>\$16,362,561</u> | <u>\$17,872</u> | <u>\$6,602,212</u> | <u>\$698,668</u> | <u>\$30,673,951</u> |
| \$93,378 | \$0 | \$0 | \$0 | \$135,058 |
| 38,717 | 0 | 0 | 0 | 197,642 |
| 1,970 | 0 | 0 | 0 | 9,612 |
| 17,341 | 0 | 0 | 0 | 17,341 |
| 0 | 0 | 0 | 0 | 321,398 |
| 4,100,000 | 0 | 0 | 550,000 | 4,650,000 |
| 40,449 | 0 | 0 | 148,668 | 189,117 |
| <u>1,995,776</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>1,995,776</u> |
| <u>6,287,631</u> | <u>0</u> | <u>0</u> | <u>698,668</u> | <u>7,515,944</u> |
| 0 | 0 | 6,602,212 | 0 | 6,602,212 |
| 3,766,733 | 0 | 0 | 0 | 3,766,733 |
| 6,308,197 | 0 | 0 | 0 | 6,308,197 |
| 0 | 59 | 0 | 0 | 238,502 |
| 0 | 0 | 0 | 0 | 16,465 |
| 0 | 0 | 0 | 0 | 28,774 |
| 0 | 0 | 0 | 0 | 571,384 |
| <u>0</u> | <u>17,813</u> | <u>0</u> | <u>0</u> | <u>5,625,740</u> |
| <u>10,074,930</u> | <u>17,872</u> | <u>6,602,212</u> | <u>0</u> | <u>23,158,007</u> |
| <u>\$16,362,561</u> | <u>\$17,872</u> | <u>\$6,602,212</u> | <u>\$698,668</u> | <u>\$30,673,951</u> |

THE CITY OF WAUSEON, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

| | <i>Governmental</i> | | | <i>Fiduciary</i> | | Totals (Memorandum Only) |
|--|---------------------|-----------------------------|-------------------------|-----------------------------|------------------------------|--------------------------------|
| | <i>Fund Types</i> | | | <i>Fund Type</i> | | |
| | General Fund | Special Revenue Funds | Debt Service Fund | Capital Projects Fund | Expendable Trust Funds | |
| Revenues: | | | | | | |
| Taxes | \$1,730,169 | \$0 | \$0 | \$1,441,334 | \$0 | \$3,171,503 |
| Intergovernmental Revenues | 482,790 | 233,163 | 0 | 0 | 0 | 715,953 |
| Charges for Services | 237,476 | 0 | 0 | 0 | 0 | 237,476 |
| Licenses and Permits | 15,340 | 0 | 0 | 0 | 0 | 15,340 |
| Investment Earnings | 253,677 | 25,008 | 0 | 0 | 119 | 278,804 |
| Fines and Forfeitures | 69,650 | 977 | 0 | 0 | 0 | 70,627 |
| All Other Revenues | 111,844 | 0 | 0 | 0 | 2,300 | 114,144 |
| Total Revenues | <u>2,900,946</u> | <u>259,148</u> | <u>0</u> | <u>1,441,334</u> | <u>2,419</u> | <u>4,603,847</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Security of Persons and Property | 1,022,250 | 0 | 0 | 0 | 222 | 1,022,472 |
| Public Health and Welfare Services | 600 | 0 | 0 | 0 | 0 | 600 |
| Leisure Time Activities | 367,307 | 0 | 0 | 0 | 0 | 367,307 |
| Community Environment | 363,056 | 282 | 0 | 34,834 | 0 | 398,172 |
| Basic Utility Services | 65,364 | 0 | 0 | 0 | 0 | 65,364 |
| Transportation | 203,564 | 233,483 | 0 | 0 | 0 | 437,047 |
| General Government | 468,782 | 0 | 0 | 0 | 0 | 468,782 |
| Other Expenditures | 3,699 | 0 | 0 | 0 | 0 | 3,699 |
| Capital Outlay | 23,238 | 49,899 | 0 | 1,407,514 | 0 | 1,480,651 |
| Debt Service: | | | | | | |
| Principal Retirement | 0 | 0 | 600,000 | 0 | 0 | 600,000 |
| Interest and Fiscal Charges | 0 | 0 | 24,762 | 0 | 0 | 24,762 |
| Total Expenditures | <u>2,517,860</u> | <u>283,664</u> | <u>624,762</u> | <u>1,442,348</u> | <u>222</u> | <u>4,868,856</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 383,086 | (24,516) | (624,762) | (1,014) | 2,197 | (265,009) |
| Other Financing Sources (Uses): | | | | | | |
| Proceeds from General Obligation Notes | 0 | 0 | 550,000 | 0 | 0 | 550,000 |
| Operating Transfers In | 0 | 0 | 74,762 | 0 | 0 | 74,762 |
| Operating Transfers Out | (74,762) | 0 | 0 | 0 | 0 | (74,762) |
| Other Financing Sources | 33,618 | 0 | 0 | 244,450 | 0 | 278,068 |
| Other Financing Uses | (92,687) | 0 | 0 | 0 | (2,300) | (94,987) |
| Total Other Financing Sources (Uses) | <u>(133,831)</u> | <u>0</u> | <u>624,762</u> | <u>244,450</u> | <u>(2,300)</u> | <u>733,081</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 249,255 | (24,516) | 0 | 243,436 | (103) | 468,072 |
| Fund Balance at Beginning of Year | 1,898,510 | 1,239,965 | 0 | 2,857,992 | 17,975 | 6,014,442 |
| Increase (Decrease) in Inventory Reserve | 947 | (2,596) | 0 | 0 | 0 | (1,649) |
| Fund Balance at End of Year | <u>\$2,148,712</u> | <u>\$1,212,853</u> | <u>\$0</u> | <u>\$3,101,428</u> | <u>\$17,872</u> | <u>\$6,480,865</u> |

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF WAUSEON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

| | <u>General Fund</u> | | | <u>Special Revenue Funds</u> | | |
|--|---------------------|-------------|---|------------------------------|-----------|---|
| | Revised Budget | Actual | Variance: Favorable (Unfavorable) | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
| <u>Revenues:</u> | | | | | | |
| Taxes | \$1,720,000 | \$1,727,365 | \$7,365 | \$0 | \$0 | \$0 |
| Intergovernmental Revenues | 534,500 | 535,643 | 1,143 | 231,000 | 233,146 | 2,146 |
| Charges for Services | 258,750 | 259,648 | 898 | 0 | 0 | 0 |
| Licenses and Permits | 14,050 | 15,340 | 1,290 | 0 | 0 | 0 |
| Investment Earnings | 250,000 | 253,677 | 3,677 | 25,008 | 25,008 | 0 |
| Fines and Forfeitures | 27,000 | 27,097 | 97 | 1,000 | 1,027 | 27 |
| All Other Revenues | 60,050 | 58,797 | (1,253) | 130,362 | 130,362 | 0 |
| Total Revenues | 2,864,350 | 2,877,567 | 13,217 | 387,370 | 389,543 | 2,173 |
| <u>Expenditures:</u> | | | | | | |
| Current: | | | | | | |
| Security of Persons and Property | 1,161,108 | 1,015,124 | 145,984 | 0 | 0 | 0 |
| Public Health and Welfare Services | 600 | 600 | 0 | 0 | 0 | 0 |
| Leisure Time Activities | 433,445 | 382,917 | 50,528 | 0 | 0 | 0 |
| Community Environment | 414,664 | 370,203 | 44,461 | 282 | 282 | 0 |
| Basic Utility Services | 77,924 | 68,113 | 9,811 | 0 | 0 | 0 |
| Transportation | 297,231 | 245,189 | 52,042 | 256,280 | 235,793 | 20,487 |
| General Government | 626,251 | 529,721 | 96,530 | 0 | 0 | 0 |
| Other Expenditures | 20,375 | 4,714 | 15,661 | 1,500 | 0 | 1,500 |
| Capital Outlay | 31,788 | 23,653 | 8,135 | 50,000 | 49,899 | 101 |
| Debt Service: | | | | | | |
| Principal Retirement | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fiscal Charges | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 3,063,386 | 2,640,234 | 423,152 | 308,062 | 285,974 | 22,088 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (199,036) | 237,333 | 436,369 | 79,308 | 103,569 | 24,261 |
| <u>Other Financing Sources (Uses):</u> | | | | | | |
| Proceeds of General Obligation Notes | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Transfers In | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Transfers Out | (300,000) | (74,762) | 225,238 | 0 | 0 | 0 |
| Other Financing Sources | 34,000 | 33,618 | (382) | 0 | 0 | 0 |
| Other Financing Uses | (144,198) | (99,444) | 44,754 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | (410,198) | (140,588) | 269,610 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (609,234) | 96,745 | 705,979 | 79,308 | 103,569 | 24,261 |
| Fund Balance at Beginning of Year | 1,477,148 | 1,477,148 | 0 | 510,054 | 510,054 | 0 |
| Prior Year Encumbrances | 200,570 | 200,570 | 0 | 15,280 | 15,280 | 0 |
| Fund Balance at End of Year | \$1,068,484 | \$1,774,463 | \$705,979 | \$604,642 | \$628,903 | \$24,261 |

The notes to the general purpose financial statements are an integral part of this statement.

(Continued)

THE CITY OF WAUSEON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

| | <u>Debt Service Fund</u> | | | <u>Capital Projects Fund</u> | | |
|--|--------------------------|----------------|---|------------------------------|--------------------|---|
| | Revised Budget | Actual | Variance: Favorable (Unfavorable) | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Taxes | \$0 | \$0 | \$0 | \$1,450,000 | \$1,456,014 | \$6,014 |
| Intergovernmental Revenues | 0 | 0 | 0 | 0 | 0 | 0 |
| Charges for Services | 0 | 0 | 0 | 0 | 0 | 0 |
| Licenses and Permits | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Earnings | 0 | 0 | 0 | 0 | 0 | 0 |
| Fines and Forfeitures | 0 | 0 | 0 | 0 | 0 | 0 |
| All Other Revenues | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Revenues | 0 | 0 | 0 | 1,450,000 | 1,456,014 | 6,014 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Security of Persons and Property | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Health and Welfare Services | 0 | 0 | 0 | 0 | 0 | 0 |
| Leisure Time Activities | 0 | 0 | 0 | 0 | 0 | 0 |
| Community Environment | 0 | 0 | 0 | 50,000 | 35,201 | 14,799 |
| Basic Utility Services | 0 | 0 | 0 | 0 | 0 | 0 |
| Transportation | 0 | 0 | 0 | 0 | 0 | 0 |
| General Government | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Expenditures | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 2,513,455 | 1,654,294 | 859,161 |
| Debt Service: | | | | | | |
| Principal Retirement | 600,000 | 600,000 | 0 | 0 | 0 | 0 |
| Interest and Fiscal Charges | 24,762 | 24,762 | 0 | 0 | 0 | 0 |
| Total Expenditures | 624,762 | 624,762 | 0 | 2,563,455 | 1,689,495 | 873,960 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (624,762) | (624,762) | 0 | (1,113,455) | (233,481) | 879,974 |
| Other Financing Sources (Uses): | | | | | | |
| Proceeds of General Obligation Notes | 550,000 | 550,000 | 0 | 0 | 0 | 0 |
| Operating Transfers In | 74,762 | 74,762 | 0 | 0 | 0 | 0 |
| Operating Transfers Out | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Financing Sources | 0 | 0 | 0 | 245,000 | 244,450 | (550) |
| Other Financing Uses | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 624,762 | 624,762 | 0 | 245,000 | 244,450 | (550) |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 0 | 0 | 0 | (868,455) | 10,969 | 879,424 |
| Fund Balance at Beginning of Year | 0 | 0 | 0 | 2,696,948 | 2,696,948 | 0 |
| Prior Year Encumbrances | 0 | 0 | 0 | 173,955 | 173,955 | 0 |
| Fund Balance at End of Year | \$0 | \$0 | \$0 | \$2,002,448 | \$2,881,872 | \$879,424 |

(Continued)

THE CITY OF WAUSEON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

| | <i>Expendable Trust Funds</i> | | | <i>Totals (Memorandum Only)</i> | | |
|--|-------------------------------|-----------------|---|---------------------------------|--------------------|---|
| | Revised Budget | Actual | Variance: Favorable (Unfavorable) | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Taxes | \$0 | \$0 | \$0 | \$3,170,000 | \$3,183,379 | \$13,379 |
| Intergovernmental Revenues | 0 | 0 | 0 | 765,500 | 768,789 | 3,289 |
| Charges for Services | 0 | 0 | 0 | 258,750 | 259,648 | 898 |
| Licenses and Permits | 0 | 0 | 0 | 14,050 | 15,340 | 1,290 |
| Investment Earnings | 110 | 119 | 9 | 275,118 | 278,804 | 3,686 |
| Fines and Forfeitures | 0 | 0 | 0 | 28,000 | 28,124 | 124 |
| All Other Revenues | 2,300 | 2,300 | 0 | 192,712 | 191,459 | (1,253) |
| Total Revenues | 2,410 | 2,419 | 9 | 4,704,130 | 4,725,543 | 21,413 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Security of Persons and Property | 300 | 281 | 19 | 1,161,408 | 1,015,405 | 146,003 |
| Public Health and Welfare Services | 0 | 0 | 0 | 600 | 600 | 0 |
| Leisure Time Activities | 0 | 0 | 0 | 433,445 | 382,917 | 50,528 |
| Community Environment | 2,000 | 0 | 2,000 | 466,946 | 405,686 | 61,260 |
| Basic Utility Services | 0 | 0 | 0 | 77,924 | 68,113 | 9,811 |
| Transportation | 0 | 0 | 0 | 553,511 | 480,982 | 72,529 |
| General Government | 0 | 0 | 0 | 626,251 | 529,721 | 96,530 |
| Other Expenditures | 0 | 0 | 0 | 21,875 | 4,714 | 17,161 |
| Capital Outlay | 0 | 0 | 0 | 2,595,243 | 1,727,846 | 867,397 |
| Debt Service: | | | | | | |
| Principal Retirement | 0 | 0 | 0 | 600,000 | 600,000 | 0 |
| Interest and Fiscal Charges | 0 | 0 | 0 | 24,762 | 24,762 | 0 |
| Total Expenditures | 2,300 | 281 | 2,019 | 6,561,965 | 5,240,746 | 1,321,219 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 110 | 2,138 | 2,028 | (1,857,835) | (515,203) | 1,342,632 |
| Other Financing Sources (Uses): | | | | | | |
| Proceeds of General Obligation Notes | 0 | 0 | 0 | 550,000 | 550,000 | 0 |
| Operating Transfers In | 0 | 0 | 0 | 74,762 | 74,762 | 0 |
| Operating Transfers Out | 0 | 0 | 0 | (300,000) | (74,762) | 225,238 |
| Other Financing Sources | 0 | 0 | 0 | 279,000 | 278,068 | (932) |
| Other Financing Uses | (3,000) | (2,300) | 700 | (147,198) | (101,744) | 45,454 |
| Total Other Financing Sources (Uses) | (3,000) | (2,300) | 700 | 456,564 | 726,324 | 269,760 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (2,890) | (162) | 2,728 | (1,401,271) | 211,121 | 1,612,392 |
| Fund Balance at Beginning of Year | 17,975 | 17,975 | 0 | 4,702,125 | 4,702,125 | 0 |
| Prior Year Encumbrances | 0 | 0 | 0 | 389,805 | 389,805 | 0 |
| Fund Balance at End of Year | \$15,085 | \$17,813 | \$2,728 | \$3,690,659 | \$5,303,051 | \$1,612,392 |

THE CITY OF WAUSEON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

| | <u>Enterprise Funds</u> |
|--|-----------------------------|
| <u>Operating Revenues:</u> | |
| Charges for Services | <u>\$2,005,354</u> |
| Total Operating Revenues | <u>2,005,354</u> |
| <u>Operating Expenses:</u> | |
| Personal Services | 712,217 |
| Materials and Supplies | 278,259 |
| Contractual Services | 432,136 |
| Depreciation | <u>548,512</u> |
| Total Operating Expenses | <u>1,971,124</u> |
| Operating Income | 34,230 |
| <u>Nonoperating Revenues (Expenses):</u> | |
| Loss on Disposal of Fixed Assets | (20,513) |
| Interest Income | 266,139 |
| Interest and Fiscal Charges | (196,375) |
| Other Nonoperating Revenue | 47,396 |
| Other Nonoperating Expense | <u>(21,983)</u> |
| Net Nonoperating Revenues (Expenses) | <u>74,664</u> |
| Net Income | 108,894 |
| Add: Depreciation on Contributed Capital | 214,452 |
| Retained Earnings at Beginning of Year | <u>5,984,851</u> |
| Retained Earnings at End of Year | <u><u>\$6,308,197</u></u> |

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF WAUSEON, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

| | Enterprise Funds |
|--|---------------------|
| <u>Cash Flows from Operating Activities:</u> | |
| Cash Received from Customers | \$2,016,590 |
| Cash Payments for Goods and Services | (656,764) |
| Cash Payments to Employees | (705,075) |
| Net Cash Provided by Operating Activities | 654,751 |
| <u>Cash Flows from Capital and Related Financing Activities:</u> | |
| Acquisition and Construction of Assets | (276,786) |
| Proceeds from General Obligation Notes | 4,100,000 |
| Principal Paid on Ohio Water Development Authority Loans | (171,700) |
| Interest Paid on All Debt | (179,034) |
| Net Cash Provided By Capital and Related Financing Activities | 3,472,480 |
| <u>Cash Flows from Investing Activities:</u> | |
| Receipts of Interest | 266,139 |
| Net Cash Provided by Investing Activities | 266,139 |
| Net Increase in Cash and Cash Equivalents | 4,393,370 |
| Cash and Cash Equivalents at Beginning of Year | 4,095,911 |
| Cash and Cash Equivalents at End of Year | \$8,489,281 |
| <u>Reconciliation of Operating Income to Net Cash</u> | |
| <u>Provided by Operating Activities:</u> | |
| Operating Income | \$34,230 |
| Adjustments to Reconcile Operating Income to | |
| Net Cash Provided by Operating Activities: | |
| Depreciation Expense | 548,512 |
| Miscellaneous Nonoperating Revenue | 26,274 |
| Miscellaneous Nonoperating Expenses | (23,503) |
| Adjustments to Assets and Liabilities: | |
| Increase in Accounts Receivable | (8,747) |
| Increase in Intergovernmental Receivable | (6,291) |
| Increase in Inventory | (373) |
| Increase in Prepaid Items | (1,810) |
| Increase in Accounts Payable | 79,037 |
| Increase in Accrued Wages and Benefits | 11,739 |
| Increase in Intergovernmental Payables | 280 |
| Decrease in Compensated Absences Payable | (4,597) |
| Total Adjustments | 620,521 |
| Net Cash Provided by Operating Activities | \$654,751 |

The Water and Sewer Funds received \$885,052 of capital assets contributed by other funds.

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF WAUSEON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Wauseon (the "City") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution, the laws of the State of Ohio and its Charter. Wauseon became a city on April 20, 1981, and operates under a Council/Mayor form of government.

The accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2000 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying general purpose financial statements comply with the provisions of the GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, account groups, agencies, boards and commissions that are part of the primary government, which include the following services: public safety, highways and streets, sanitation, health and social services, culture/recreation, public improvements, planning and zoning, and general administrative services. In addition, the City owns and operates a water treatment and distribution system and a wastewater treatment and collection system which are reported as enterprise funds.

1. Jointly Governed Organization

The City in conjunction with the Clinton Township Trustees formed the Wauseon Union Cemetery (the "Cemetery") under the authority of Ohio Revised Code Section 759.27. The Cemetery's Board of Trustees is composed of three members, one of whom is a member of the Board of Township Trustees and one a member of the Wauseon City Council. Funding for the Cemetery is provided by a tax levy on all real property located within Clinton Township. Taxes are collected by the County Auditor and remitted to the Board of Cemetery Trustees for use in the care and maintenance of the Cemetery.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the City:

Governmental Funds - Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except the resources accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's governmental fund types:

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the limitations of the City Charter.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - This fund is used for the accumulation of resources for the payment of general and special assessment long-term debt principal and interest.

Capital Projects Fund - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Funds

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The enterprise funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e., net assets) is segregated into contributed capital and retained earnings components. The enterprise funds operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

Trust Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains expendable trust funds which are accounted for and reported similarly to governmental funds.

Account Groups - To make a clear distinction between fixed assets related to specific funds and those of general government and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for fixed assets of the City other than that accounted for in the proprietary funds.

General Long-Term Debt Account Group - This account group is established to account for all long-term debt and other long-term obligations of the City except that accounted for in the proprietary funds.

C. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds and expendable trust funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is considered to be 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, loans and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues, is recorded as revenue when received in cash because generally this revenue is not measurable until received.

Special assessment installments including related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes measurable as of December 31, 2000 but which are not intended to finance 2000 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 3.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Pursuant to GASB Statement No. 20, *"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting,"* the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year. All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. Budgetary modifications may only be made by ordinance or resolution of the City Council.

1. Tax Budget

The Finance Director submits an annual tax budget for the following fiscal year to City Council by July 15 for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2000.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. The budgetary figures which appear in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual Non-GAAP Budgetary Basis--All Governmental Fund Types and Expendable Trust Funds are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

5. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

The City's budgetary process accounts for the City's transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures (budgetary basis) as opposed to reservation of fund balance (GAAP basis).

Provisions of Ohio Revised Code (ORC) require that all proceeds and retirements of note renewals be recorded in a debt service fund. Therefore, the city budgets all note renewal activity in the debt service fund. However, Generally Accepted Accounting Principles (GAAP) require note obligations to remain obligations of the fund in which the original proceeds were deposited. All of the budgetary activity in the debt service fund relates to renewal notes. GAAP Basis reclassifications eliminate all activity in the debt service fund, therefore, no reconciliation is presented in the following table.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)6. **Budgetary Basis of Accounting** (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the governmental and similar trust funds:

| | Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | | | | |
|--|---|-----------------------------|-------------------------|-----------------------------|------------------------------|
| | General Fund | Special Revenue Funds | Debt Service Fund | Capital Projects Fund | Expendable Trust Funds |
| GAAP Basis (as reported) | \$249,255 | (\$24,516) | \$0 | \$243,436 | (\$103) |
| Increase (Decrease): | | | | | |
| Accrued Revenues at December 31, 2000 received during 2001 | (349,126) | (16,150) | 0 | (116,339) | 0 |
| Accrued Revenues at December 31, 1999 received during 2000 | 325,747 | 16,183 | 0 | 131,019 | 0 |
| Accrued Expenditures at December 31, 2000 paid during 2001 | 169,618 | 29,675 | 0 | 8,954 | 0 |
| Accrued Expenditures at December 31, 1999 paid during 2000 | (142,131) | (10,438) | 0 | (143,930) | 0 |
| 1999 Prepays for 2000 | 26,202 | 0 | 0 | 0 | 0 |
| 2000 Prepays for 2001 | (28,774) | 0 | 0 | 0 | 0 |
| Perspective Difference: | | | | | |
| (CDBG Loans) | 0 | 130,362 | 0 | 0 | 0 |
| Outstanding Encumbrances | (154,046) | (21,547) | 0 | (112,171) | (59) |
| Budget Basis | <u>\$96,745</u> | <u>\$103,569</u> | <u>\$0</u> | <u>\$10,969</u> | <u>(\$162)</u> |

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term certificates of deposit with original maturities of three months or less. Certificates of deposit are considered cash equivalents because they are highly liquid investments with maturity dates of three months or less.

The City pools a majority of its cash for investment and resource management purposes, while maintaining some segregated funds. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintains its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. See Note 2, "Cash, Cash Equivalents and Investments."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City records all its investments at fair value except for nonparticipating investment contracts (repurchase agreements) which are reported at cost. The City allocates interest among the various funds as determined by City Ordinance. See Note 2, "Cash, Cash Equivalents and Investments."

G. Inventory

Inventory is stated at cost (first in, first out) in the governmental funds, and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental and expendable trust funds when purchased and as expenses in the proprietary funds when used.

H. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use:

1. Property, Plant and Equipment - General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems have not been capitalized. Such assets normally are immovable and of value only to the City; therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets.

The City has elected not to record depreciation in the General Fixed Assets Account Group.

2. Property, Plant and Equipment - Proprietary Funds

Property, plant and equipment acquired by the proprietary funds are stated at estimated historical cost, including interest capitalized during construction and architectural and engineering fees where applicable. Contributed fixed assets are recorded at fair market value at the date received.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

| <u>Description</u> | <u>Estimated Lives (Years)</u> |
|--|--------------------------------|
| Buildings | 30 |
| Improvements Other than Buildings | 30 - 50 |
| Machinery, Equipment, Furniture and Fixtures | 10 |

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences

All full-time City employees earn vacation at varying rates based upon length of service. Ohio Law requires that vacation time not be accumulated for more than three years. However, City policy requires that all vacation time be used by the employee's anniversary date. Accrued vacation can be carried over with the written authorization of the department head. Employees with a minimum of one year of service become vested in accumulated unpaid vacation time. Unused vacation is payable upon termination of employment.

All full-time City employees earn sick leave at the rate of 1.25 days per calendar month of active service. Unused sick time may be accumulated until retirement. Employees with a minimum of ten years of service with the City are paid one-quarter of the accumulated sick time upon retirement to a maximum of 57 days wages. Monetary compensation for accumulated unused vacation and/or sick leave is the hourly rate of compensation of the employee at the time of separation.

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered or to rights that vest or accumulate, and when payment of the obligation is probable and can be reasonably determined. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The remaining portion of the liability is reported in the General Long-Term Obligations Account Group.

Compensated absences are expensed in the enterprise funds when earned and the related liability reported within the funds.

J. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

K. Reservations of Fund Balance

Reserves indicate that a portion of the fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for supplies inventory, prepaid items, Community Development Block Grant (CDBG) Loans and encumbered amounts that are not accrued at year end.

L. Total Columns on Combined Financial Statements - Overview

Total columns on the Combined Statements-Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The City maintains a cash and investments pool used by all funds except the Water Operating, Water Service Deposits, Sewer Operating, Wastewater Debt Reserve, Construction Escrow and Pride of Wauseon Funds. Each fund type's portion of this pool is displayed on the Combined Balance Sheet as "Cash and Cash Equivalents." The deposits and investments of the aforementioned funds are held separately from those of other City funds. Ohio law requires the classification of funds held by the City into three categories.

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "cash equivalent" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3.

The GASB has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

Investments:

- Category 1 Insured or registered, with securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

A. Deposits

At year end, the carrying amount of the City's deposits was \$13,071,396 and the bank balance was \$13,786,262. Federal depository insurance covered \$300,000 of the bank balance, deposits of \$8,363,463 were classified as Category 2, and the remaining deposits of \$5,122,799 were classified as Category 3. The City also had cash with fiscal agent in the amount of \$358,499 related to the Community Development Block Grant Economic Development Revolving Loan Fund, of which \$100,000 is covered by Federal depository insurance and the remaining \$258,499 is classified as Category 2. The City also had petty cash in the amount of \$4,260.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2000 were as follows:

| <u>Non-Categorized Investments</u> | <u>Fair Value</u> |
|------------------------------------|-------------------|
| Repurchase Agreement | \$646,000 |

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. The classification of cash and cash equivalents (deposits) for purposes of this note is based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per items A and B of this note are as follows:

| | <u>Cash and Cash Equivalents *</u> | <u>Investments</u> |
|----------------------------|--|--------------------|
| Per Combined Balance Sheet | \$13,717,396 | \$0 |
| Investments: | | |
| Repurchase Agreement | <u>(646,000)</u> | <u>646,000</u> |
| Per GASB Statement No. 3 | <u>\$13,071,396</u> | <u>\$646,000</u> |

* Does not include Cash with Fiscal Agent

NOTE 3 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2000 were levied after October 1, 1999 on assessed values as of January 1, 1999 the lien date. Assessed values for real property are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last reappraisal was completed during 1996. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by July 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually. The first payment is due April 30; the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Wauseon. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2000 was \$2.20 per \$1,000 of assessed value. The assessed value upon which the 2000 levy was based was \$124,197,900. This amount constitutes \$89,117,770 in real property assessed value, \$6,215,790 in public utility assessed value and \$28,864,340 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of one percent of assessed value without a vote of the people. Under current procedures, the City's share is .22% (2.20 mills) of assessed value.

B. Income Tax

The City levies a tax of one and one half percent on all salaries, wages, and other compensation earned by residents both in and out of the City and to earnings of non-residents (except certain transients) earned in the City. The tax also applies to the net income earned by business organizations on work conducted within the City of Wauseon. Income tax revenue is accounted for through the General and Capital Projects Funds.

NOTE 4 - RECEIVABLES

Receivables at December 31, 2000 consisted of taxes, accounts receivable, special assessments, loans receivable and intergovernmental receivables arising from shared revenues. All receivables other than those offset by deferred revenues are considered collectible in full.

NOTE 5 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 2000:

| <u>Fund</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|--------------------------------------|---------------------|----------------------|
| General Fund | \$0 | \$74,762 |
| Debt Service Fund: | | |
| Municipal Building Debt Service Fund | 74,762 | 0 |
| Totals | <u>\$74,762</u> | <u>\$74,762</u> |

NOTE 6 - FIXED ASSETS

A. General Fixed Assets

Summary by Category of changes in general fixed assets:

| <u>Category</u> | <u>December 31, 1999</u> | <u>Additions</u> | <u>Deletions</u> | <u>December 31, 2000</u> |
|----------------------------|------------------------------|------------------|-------------------|------------------------------|
| Land | \$386,874 | \$139,620 | (\$29,850) | \$496,644 |
| Buildings and Improvements | 3,354,704 | 43,777 | (28,143) | 3,370,338 |
| Land Improvements | 104,937 | 14,109 | 0 | 119,046 |
| Machinery and Equipment | 2,470,307 | 172,443 | (26,566) | 2,616,184 |
| Totals | <u>\$6,316,822</u> | <u>\$369,949</u> | <u>(\$84,559)</u> | <u>\$6,602,212</u> |

B. Proprietary Fixed Assets

Summary by Category at December 31, 2000:

| <u>Category</u> | <u>Historic Cost</u> | <u>Accumulated Depreciation</u> | <u>Book Value</u> |
|-------------------------------|--------------------------|-------------------------------------|-----------------------|
| Land | \$77,875 | \$0 | \$77,875 |
| Buildings and Improvements | 4,911,778 | (2,233,469) | 2,678,309 |
| Land Improvements | 5,130,364 | (1,312,665) | 3,817,699 |
| Machinery and Equipment | 4,600,052 | (3,666,437) | 933,615 |
| Property, Plant and Equipment | <u>\$14,720,069</u> | <u>(\$7,212,571)</u> | <u>\$7,507,498</u> |

NOTE 7 – DEFINED BENEFIT PENSION PLANS

All of the City's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. Public Employees Retirement System (the "PERS of Ohio")

The following information was provided by the PERS of Ohio to assist the City in complying with GASB Statement No. 27, *"Accounting for Pensions by State and Local Government Employers."*

All employees of the City, except full-time uniformed police officers, participate in the PERS of Ohio, a cost-sharing multiple employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for state and local government divisions. The 2000 employer contribution rate for local government employer units was 10.84%, of covered payroll, 6.54% to fund the pension and 4.3% to fund health care. The 1999 and 1998 employer contribution rates were 13.55%. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the PERS of Ohio for the years ending December 31, 2000, 1999 and 1998 were \$165,456, \$198,631 and \$189,130, respectively, which were equal to the required contributions for each year.

The PERS of Ohio provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the PERS of Ohio is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 2000 employer contribution rate (identified above) that was used to fund health care for the year 2000 was 4.3% of covered payroll which amounted to \$65,633.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Public Employees Retirement System (the “PERS of Ohio”) (Continued)

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the PERS of Ohio’s latest actuarial review performed as of December 31, 1999. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 1999 was 7.75%. An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%. Health care costs were assumed to increase 4.75% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 401,339. The actuarial value of the PERS of Ohio net assets available for OPEB at December 31, 1999 is \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively.

B. Ohio Police and Fire Pension Fund (the “OP&F Fund”)

All City full-time police officers participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% for police officers. The City's contributions to the OP&F Fund for the years ending December 31, 2000, 1999 and 1998 were \$80,383, \$72,627 and \$72,446 which was equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The Ohio Revised Code provides that health care costs

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

B. Ohio Police and Fire Pension Fund (the “OP&F Fund”) (Continued)

paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2000 covered payroll that was used to fund postemployment health care benefits was \$29,886 representing 7.25% of covered payroll for police. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. As of December 31, 1999, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 12,467 for police. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 1999 were \$95,004,633, which was net of member contributions of \$5,518,098.

This space left blank intentionally

NOTE 8 - COMPENSATED ABSENCES

All full-time City employees earn vacation at varying rates based upon length of service. As of December 31, 2000, the liability for unpaid compensated absences was \$148,668 for all funds of the City except proprietary funds. This portion is considered long-term and is reported in the General Long-Term Obligations Account Group. The portion attributable to the proprietary funds has been recorded within those funds.

The compensated absences balances as of December 31, 2000 in the General Long-Term Obligations Account and the proprietary funds were as follows:

| | General | | Proprietary Funds | |
|---------------------------------|-----------------------|------------------|-------------------|-----------------|
| | Long-Term Obligations | | | |
| | Hours | Amount | Hours | Amount |
| Sick Leave | 4,382 | \$85,993 | 732 | \$20,766 |
| Vacation / Compensatory Time | 4,089 | 62,675 | 1,218 | 19,683 |
| Totals | <u>8,471</u> | <u>\$148,668</u> | <u>1,950</u> | <u>\$40,449</u> |

NOTE 9 - NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of twenty years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than those principal maturities required if the bonds had been issued at the expiration of the initial five year period. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources.

| | Balance December 31, 1999 | Issued (Retired) | Balance December 31, 2000 |
|--|---------------------------------|---------------------|---------------------------------|
| Enterprise Bond Anticipation Notes: | | | |
| 4.980% Waterworks System Improvement | \$0 | \$4,100,000 | \$4,100,000 |
| Total Enterprise Bond Anticipation Notes | <u>\$0</u> | <u>\$4,100,000</u> | <u>\$4,100,000</u> |

NOTE 10 - LONG-TERM OBLIGATIONS

Activity in Long-Term Obligations in 2000 was as follows:

| | Maturity Date | Balance December 31, 1999 | Issued (Retired) | Balance December 31, 2000 |
|---|------------------|---------------------------------|---------------------|---------------------------------|
| Enterprise Funds Long-Term Debt: | | | | |
| Ohio Water Development Authority: | | | | |
| Wastewater Treatment Plant | 01/01/09 | \$2,167,476 | (\$171,700) | \$1,995,776 |
| Total Enterprise Long-Term Debt | | <u>\$2,167,476</u> | <u>(\$171,700)</u> | <u>\$1,995,776</u> |
| General Long-Term Debt: | | | | |
| Bond Anticipation Notes: | | | | |
| 4.15% Municipal Building Renovation | 05/18/00 | \$600,000 | (\$600,000) | \$0 |
| 5.25% Municipal Building Renovation | 05/17/01 | <u>0</u> | <u>550,000</u> | <u>550,000</u> |
| Total Bond Anticipation Notes | | 600,000 | (50,000) | 550,000 |
| Other Long-Term Obligations: | | | | |
| Compensated Absences | | <u>117,461</u> | <u>31,207</u> | <u>148,668</u> |
| Total General Long-Term Debt and Other Long-Term Obligations | | <u>\$717,461</u> | <u>(\$18,793)</u> | <u>\$698,668</u> |

The enterprise long-term debt is composed of the remaining cost of construction that the City of Wauseon financed through the Ohio Water Development Authority for the construction of a new wastewater treatment plant.

NOTE 10 - LONG-TERM OBLIGATIONS (Continued)

The City's total debt margin was approximately \$13,040,780 at December 31, 2000. The Ohio Revised Code provides that the net debt of a municipal corporation, when approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxable value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. The City has no debt within the 5.5% unvoted debt limitation or the 10.5% overall debt limitation.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2000 are as follows:

| Years | OWDA Loan | | |
|---------------|--------------------|------------------|--------------------|
| | Principal | Interest | Totals |
| 2001 | \$185,882 | \$164,852 | \$350,734 |
| 2002 | 201,236 | 149,498 | 350,734 |
| 2003 | 217,858 | 132,876 | 350,734 |
| 2004 | 235,853 | 114,881 | 350,734 |
| 2005 | 255,335 | 95,400 | 350,735 |
| 2006-2008 | 899,612 | 152,581 | 1,052,193 |
| Totals | \$1,995,776 | \$810,088 | \$2,805,864 |

NOTE 11 - CONTRIBUTED CAPITAL

Contributed capital represents resources from other funds, governments and private sources provided to the City's proprietary funds that are not subject to repayment. These assets are recorded at their estimated fair market value on the date received. Depreciation on assets acquired or constructed with contributed resources is expensed and closed to contributed capital. Changes in contributed capital are as follows:

| | Water Fund | Sewer Fund | Total |
|-------------------------------|------------------|--------------------|--------------------|
| Balance at Beginning of Year | \$141,413 | \$2,954,720 | \$3,096,133 |
| Additions | 879,061 | 5,991 | 885,052 |
| Reductions | (21,096) | (193,356) | (214,452) |
| Balance at End of Year | \$999,378 | \$2,767,355 | \$3,766,733 |

NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains enterprise funds which provide water and sewer services. Segment information for the year ended December 31, 2000 is as follows:

| | Water | Sewer | Total |
|--------------------------------|-------------|-----------|-------------|
| Operating Revenues | \$1,145,694 | \$859,660 | \$2,005,354 |
| Depreciation Expense | 137,538 | 410,974 | 548,512 |
| Operating Income (Loss) | 115,079 | (80,849) | 34,230 |
| Net Income (Loss) | 215,219 | (106,325) | 108,894 |
| Property, Plant and Equipment: | | | |
| Additions | 1,112,043 | 27,425 | 1,139,468 |
| Deletions | (47,730) | 0 | (47,730) |
| Total Assets | 8,618,672 | 7,743,889 | 16,362,561 |
| Net Working Capital | 2,053,928 | 2,549,729 | 4,603,657 |
| Notes and Loans Payable | 4,100,000 | 1,995,776 | 6,095,776 |
| Total Equity | 4,365,518 | 5,709,412 | 10,074,930 |

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Ohio Government Risk Management Plan (OGRMP), a public entity risk plan formed under 2744.081 of the Ohio Revised Code. OGRMP is a "fixed cost, fully reinsured, non-assessable program" for over 550 member political subdivisions. The organization is controlled by a Board of Directors comprised of public officials from participating members. Coverage is 100% reinsured over the insured's deductibles. The City pays an annual premium to OGRMP for its general insurance coverage. The agreement for formation of OGRMP provides that the organization will be self-sustaining through member premiums and will reinsure through commercial insurance and reinsurance companies.

The following is a summary of insurance coverages at year end:

| Coverage | | |
|----------------------|---------------------|----------------|
| Property | \$23,299,735 | per occurrence |
| Liability | 3,000,000/5,000,000 | per occurrence |
| Wrongful Acts | 3,000,000/4,000,000 | per occurrence |
| Law Enforcement | 3,000,000/4,000,000 | per occurrence |
| Automobile | 3,000,000 | per occurrence |
| Bond | 50,000 | per occurrence |
| Crime | 10,000 | per occurrence |
| Inland Marine | 3,552,429 | per occurrence |
| Fire Vehicle RC | 2,085,000 | per occurrence |
| EDP | 263,721 | per occurrence |
| Boiler and Machinery | 21,500,000 | per occurrence |

NOTE 13 - RISK MANAGEMENT (Continued)

The City also purchases insurance coverage to provide employee health benefits and pays unemployment claims to the State of Ohio as incurred.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

The City continues to carry commercial insurance for other risks of loss, including employee health and life insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE 14 - CONSTRUCTION COMMITMENTS

As of December 31, 2000, the City had the following commitments with respect to capital projects:

| <u>Capital Projects</u> | <u>Remaining Construction Commitment</u> | <u>Expected Date of Completion</u> |
|---|--|--|
| Canopy Extension | \$23,300 | February 2001 |
| Glenwood Street Extension | 15,000 | February 2001 |
| Shoop Avenue Widening | 34,631 | May 2001 |
| Municipal Building Phone System Replacement | 18,100 | February 2001 |
| Wauseon to Napoleon Raw Waterline | 4,678,332 | October 2001 |
| Wastewater Plant Equipment Replacement | <u>60,483</u> | May 2001 |
| Total | <u><u>\$4,829,846</u></u> | |

NOTE 15 - CONTINGENCIES

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect on the financial condition of the City.

THE CITY OF WAUSEON, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
DECEMBER 31, 2000

| <u>Function and Activity</u> | <u>Land</u> | <u>Buildings</u> | <u>Improvements Other Than Buildings</u> | <u>Machinery and Equipment</u> | <u>Total</u> |
|--|------------------|--------------------|--|--|--------------------|
| <u>General Government:</u> | | | | | |
| Municipal Building | \$11,666 | \$2,023,181 | \$15,787 | \$940,027 | \$2,990,661 |
| General Storm | 123,874 | 0 | 0 | 0 | 123,874 |
| Miscellaneous | 111,126 | 1,400 | 22,561 | 54,916 | 190,003 |
| Total | <u>246,666</u> | <u>2,024,581</u> | <u>38,348</u> | <u>994,943</u> | <u>3,304,538</u> |
| <u>Transportation:</u> | | | | | |
| Street | <u>4,630</u> | <u>112,013</u> | <u>3,832</u> | <u>954,795</u> | <u>1,075,270</u> |
| <u>Leisure Time Activities:</u> | | | | | |
| Parks | <u>186,527</u> | <u>941,603</u> | <u>60,478</u> | <u>356,884</u> | <u>1,545,492</u> |
| <u>Community Environment:</u> | | | | | |
| Chamber of Commerce | 25,383 | 3,670 | 0 | 0 | 29,053 |
| Recycling | 33,438 | 288,471 | 16,388 | 309,562 | 647,859 |
| Total | <u>58,821</u> | <u>292,141</u> | <u>16,388</u> | <u>309,562</u> | <u>676,912</u> |
| Total General Fixed Assets | <u>\$496,644</u> | <u>\$3,370,338</u> | <u>\$119,046</u> | <u>\$2,616,184</u> | <u>\$6,602,212</u> |

THE CITY OF WAUSEON, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2000

| <u>Function and Activity</u> | <u>December 31, 1999</u> | <u>Additions</u> | <u>Deletions</u> | <u>December 31, 2000</u> |
|---------------------------------|------------------------------|-------------------------|--------------------------|------------------------------|
| <u>General Government:</u> | | | | |
| Municipal Building | \$2,964,945 | \$27,816 | (\$2,100) | \$2,990,661 |
| General Storm | 46,230 | 77,644 | 0 | 123,874 |
| Miscellaneous | 190,003 | 0 | 0 | 190,003 |
| Total | <u>3,201,178</u> | <u>105,460</u> | <u>(2,100)</u> | <u>3,304,538</u> |
| <u>Transportation:</u> | | | | |
| Street | 985,877 | 99,266 | (9,873) | 1,075,270 |
| <u>Leisure Time Activities:</u> | | | | |
| Parks | 1,420,052 | 157,033 | (31,593) | 1,545,492 |
| <u>Community Environment:</u> | | | | |
| Chamber of Commerce | 29,053 | 0 | 0 | 29,053 |
| Homecoming Storage | 40,993 | 0 | (40,993) | 0 |
| Recycling | 639,669 | 8,190 | 0 | 647,859 |
| Total | <u>709,715</u> | <u>8,190</u> | <u>(40,993)</u> | <u>676,912</u> |
| Total General Fixed Assets | <u><u>\$6,316,822</u></u> | <u><u>\$369,949</u></u> | <u><u>(\$84,559)</u></u> | <u><u>\$6,602,212</u></u> |



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

City of Wauseon
Fulton County
230 Clinton Street
Wauseon, Ohio 43567-2104

To the Honorable Mayor and Members of the Council:

We have audited the financial statements of the City of Wauseon, Fulton County, as of and for the year ended December 31, 2000, and have issued our report thereon dated August 23, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

City of Wauseon
Fulton County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the finance committee, management and City Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

August 23, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

CITY OF WAUSEON

FULTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 13, 2001**